

Tech-Savvy Businesses do it Better

Customer demand, competition and the way you do business is changing fast. Small business owners who commit to technology are better positioned to thrive.

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Small Business Starts
With Big Passions



Embracing Digital
Technologies Leads
to Happier Business
Prospects



Successful
Differentiation Can
Be Achieved Through
Technology Adoption



Admin Shouldn't
Get in the Way of
Innovation



Embrace Technology
to Drive Change



Partner Communities
Exceed the Sum of
Their Parts



Digital Transformation
One Step at a Time



Small Business Starts with Big Passion

Success in any small business requires passion, commitment, and hard work, but it also requires a willingness to adapt and stay ahead of the competition.

Technology, whether it's smartphone adoption, online shopping, review sites, or social media, is the root of much of this change. Whether it's the way people buy, the way they make decisions, or the way they interact with you and your business, technology holds the opportunity to transform the way you work.

More to the point, technology holds the potential to automate some of the tasks that are taking up your time and enable you to do much more of what you love.

By using simple applications on mobile devices, small businesses can streamline the tasks that distract them from their customers, enabling them to focus on delivering services, acquiring more customers, and developing innovation and differentiation from the competition. In this respect, technology is not only a tool to provide you with more time and a better



understanding of how your business performs, but also a way to deliver better services, improved customer engagement, and new sources of revenue.

IDC research shows that businesses willing to invest in and commit to technology in all areas of the workplace are witnessing far greater levels of growth, innovation and happiness in their work. For those that choose to ignore this wave of transformation and change, the future will be far more of a challenge.

About This Guide

This IDC document contains findings and recommendations based on **1,053 interviews with small business owners** (running organizations with fewer than 10 employees) across the US, Canada, the United Kingdom, France, Germany, and Spain. It acts as a guide to what you as a small business owner must address to succeed in today's changing marketplace.



Embracing Digital Technologies Leads to Happier Business Prospects

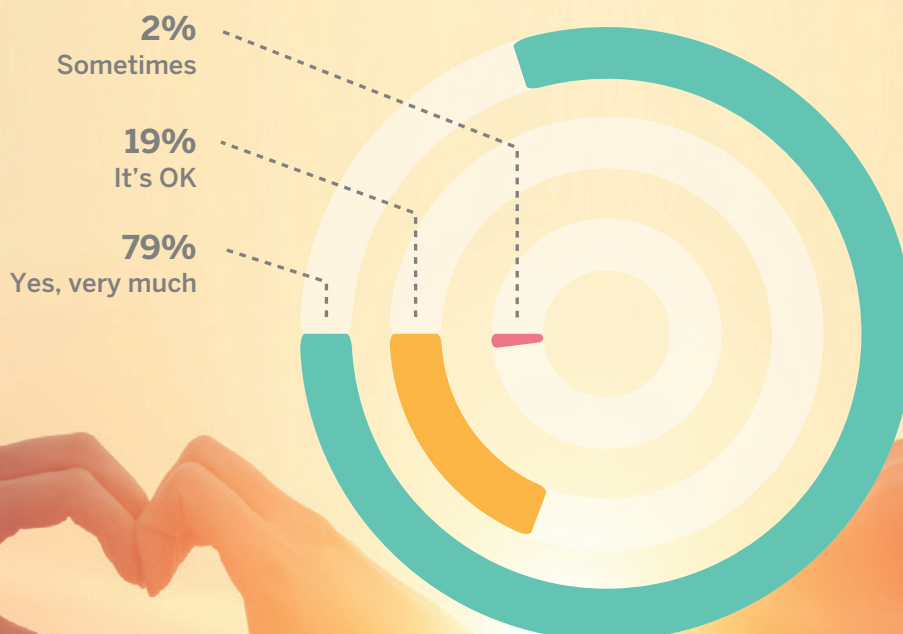
Running a small business is often hard work, but the flip-side is the freedom to make your own decisions and pursue your passion. Over half the 1,000+ small businesses interviewed were started because of a personal passion. For many, this passion hasn't diminished with time, in fact, almost 80% of small business owners very much enjoy working for themselves, despite the years of hard work.

Finding the time to focus on what you love and what makes your business unique is central to maintaining your enjoyment, but you must also find the time to keep your business fresh and relevant in a changing world.

New technologies, such as smartphones, internet-based software, online shopping, and social media, present significant opportunities for smaller businesses to compete, changing the way that customers find them, interact with them, and make purchasing decisions.

Small business owners that have embraced digital technologies tend to be happier about their business prospects.

Q17. Do you enjoy working for your own business?



Source: IDC, Sage, Technology in Small Business Survey; n=1,053, Feb 2017

79%

of small business owners very much enjoy working for themselves.



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25% of what IDC would describe as tech-savvy small businesses reported growth of more than 10% compared to last year.

Those that adapt are already feeling the benefits.

Small business owners that have embraced digital technologies tend to be happier about their business prospects. “Tech-savvy” owners (defined by IDC as users of technologies such as smartphones, apps, online software, and social media) are also more productive and efficient at work. They use online and mobile solutions to interact with suppliers and partners. They also stay connected with customers, not only to keep them happy, but also to avoid missing out on new opportunities.

With tools to automate and free up time easily available, 57% of small business owners see digital transformation as an opportunity rather than a risk to their industry. Of these, 24% see it as a “significant opportunity,” with a further 33% stating it was “somewhat of an opportunity.” Just 2% of small businesses thought digital transformation was a risk and 7% felt that it had no relevance.

This high level of acceptance could be due to the increasing availability of digital technologies to smaller businesses. With growing smartphone and tablet usage and the boom of built-for-business apps, tools that were once only available to big business, are now available to smaller organizations. Such technologies enable you to quickly and accurately keep track of finances and performance, as well as act on opportunities. Critically, these tools help you to manage your time and business more efficiently, ultimately leading to growth.

In fact, 25% of what IDC would describe as tech-savvy small businesses reported growth of more than 10% compared to last year. This compares to just 11% of the small businesses that had not adopted digital technologies experiencing 10%+ growth.

Yet despite the obvious rewards, over half (56%) of all small businesses interviewed had yet to adopt digital technologies, preferring to maintain their business with more traditional methods.





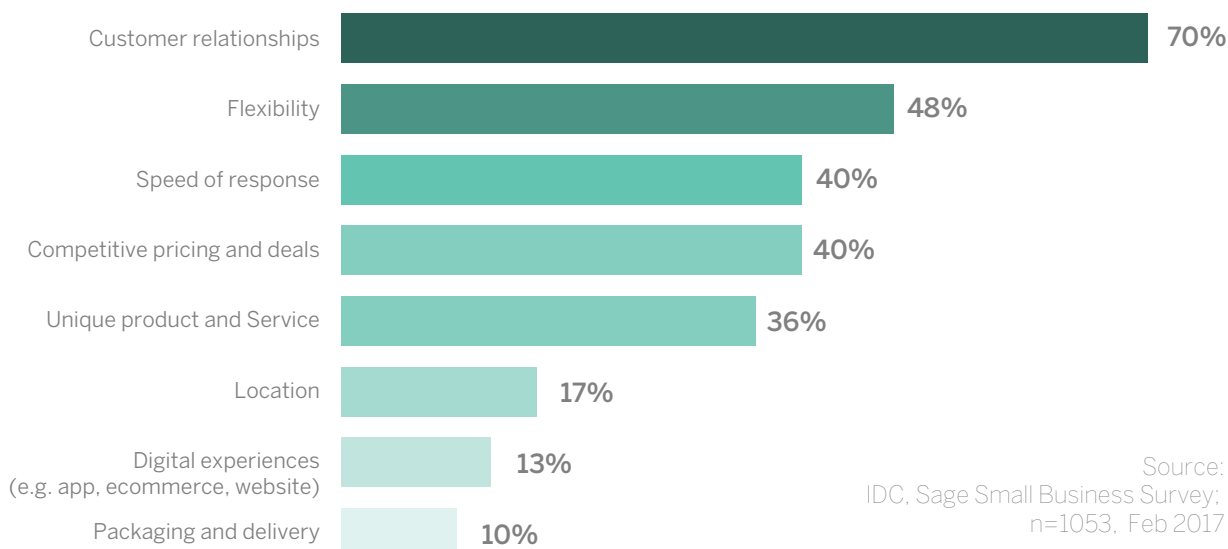
Successful Differentiation Can be Achieved through Technology Adoption

New tools and ways of working are central to maintaining the flexibility and agility needed to differentiate, but these tools are also key to the way you interact with customers and deliver products and services. They are also key to the way you access information, groups, and local business networks.

70% of small business owners interviewed differentiate their business through customer relationships. In addition, small businesses differentiate through flexibility and speed in responding to changes in demand and market dynamics. This includes the creation of new products and services, opening hours, and changing customer requirements, for example.

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Q16. How do you differentiate your business?



Access to online tools has transformed the way small businesses can and do operate. From sourcing products to hiring employees, delivering services, and utilizing marketing, technology has changed the speed, location, and scale of operations. This is in light of the changing expectations that larger organizations have placed on the market in which you operate. Multi-channel experiences (shopping online, via apps, and engaging through social media) have become the norm for big retailers, banks, and the hospitality sector. These expectations are trickling-down into how customers expect to interact with small businesses and for those that adapt the future is looking much brighter.

Using technology to advance customer relationships, while continuing to differentiate through a flexible and personal service is key. Those that fail to move with the time, face the threat of a slow demise.





Mike the locksmith knows all about this transformation.

Mike has been a locksmith for a long time. In the past few years, he has seen a lot of changes in the way he needs to do business. In the past his customers would contact him via his landline having looked him up in the local Yellow Pages. Nowadays they tend to go online, use a search engine, and read through customer reviews before calling his mobile, or sending an online message from his website.

In the past, Mike would complete a job and wait until he got home to type up an invoice in Word, which he either posted out, or emailed to his customer. Now Mike can create invoices in his van or on-site, automatically sending these to customers, while managing his stock levels, orders, and schedule — all via his mobile. Mike has a van,

a smartphone, and a growing list of clients. It's all he needs.

On top of this, Mike has created a sophisticated social media and online search strategy, using AdWords and a Twitter account. He uses cloud and mobile solutions to manage inquiries and demand, while at the same time using feedback and industry forums to keep abreast of technology developments in his own field. Added to this, Mike has joined a local community group on Facebook, offering his services to other small businesses and their customers.

Using clever, everyday technology, Mike now maximizes the time he spends doing what he loves. This not only adds value to his business, but also ensures he manages his workload better and continues to make improvements to the business.

Example

Admin Shouldn't Get in the Way of Innovation

One challenge all small business owners face is the need to constantly adapt to customer behavior, changing demands, and new ideas. All of us have examples of businesses (and indeed owners) who failed to adapt and ultimately paid the price.

Too often this failure to adapt comes not from willful blindness, but from never having the time to detach from the everyday tasks that are all consuming.

When asked about the top 3 most challenging activities, small businesses are most concerned with acquiring customers, managing finances, and innovation. You would therefore expect these activities to take up the most time, but the same businesses report that delivering products and services, acquiring new customers and managing finances as the areas of the business which needed their attention most.



Source: IDC, Sage, Technology in Small Business Survey; n=1,053, Feb 2017



Few small business owners have the time to step back and think through the changes needed to succeed. While innovation features among the top 3 challenges overall, only 8% of small businesses indicated that they spend quality time on this activity. In contrast, 34% of tech-savvy businesses could focus quality time on innovation. These are the businesses that have adopted tools and devices that allow them to automate admin, market to customers, and streamline the way they deliver products and services. Many of these same businesses are experiencing double-digital revenue growth, often created through innovation.

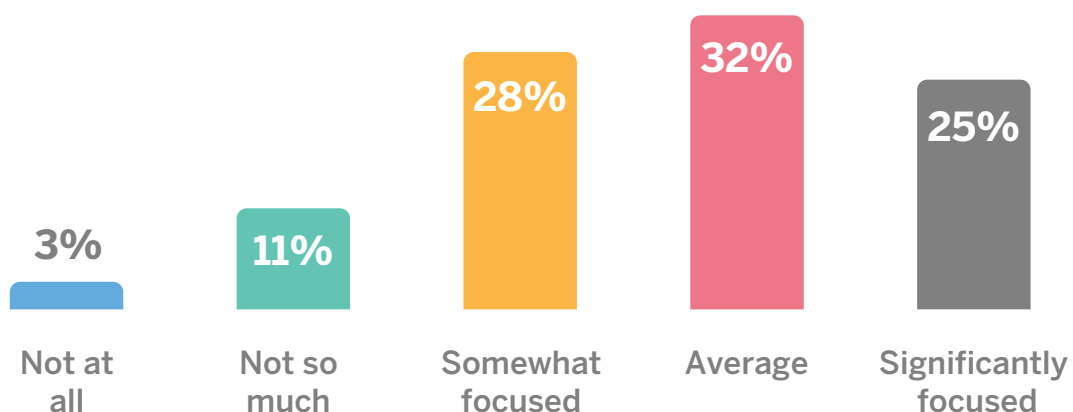
Despite this limited time being given over to innovation, 57% of small businesses stated that they were focused on digitally innovating their business; of these, 25% were “significantly focused.” So, despite the lack of time, the importance of innovation is understood.

Perhaps this is because innovation is producing real and tangible value. 35% of smaller businesses that stated they were somewhat focused on digitally innovating their business were experiencing growth of more than 10% this year. 32% of smaller businesses that were significantly focused on digitally innovating their business also experienced growth of more than 10% this year.

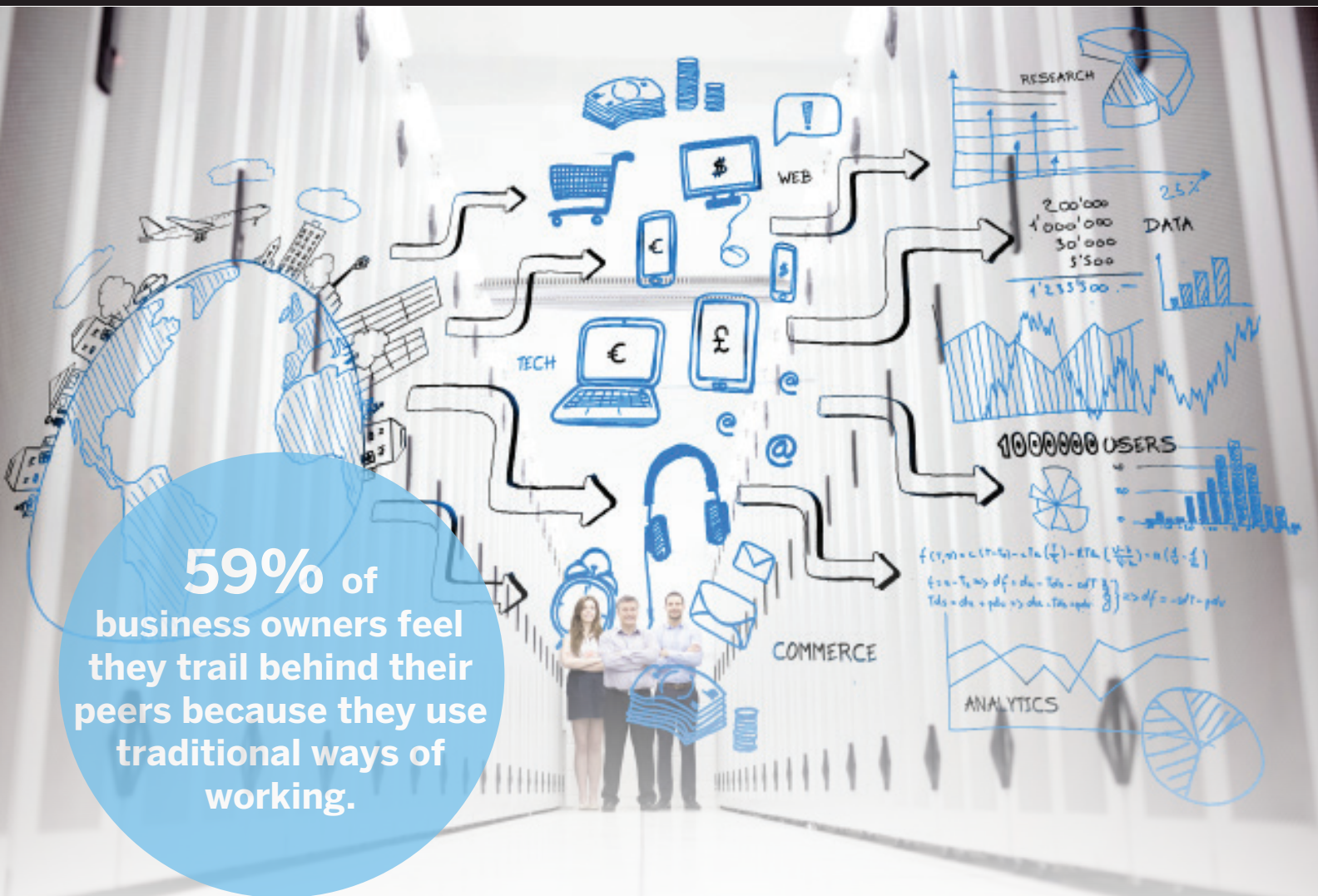
The adoption of technology enables a complete view of the business and the way it works. This includes where you are with sales, with stock-levels, even with leads and quotes. This can be particularly relevant when looking at how this compares to other months or years and what was done differently. Having this view puts you in a better position to make educated decisions on how to make changes, and what impact such changes may have on the business.

34% of tech-savvy businesses could focus quality time on innovation. Many of these same businesses are experiencing double-digit growth.

Q24. How focused are you on digitally innovating your business?



Source: IDC, Sage, Technology in Small Business Survey; n=1,053, Feb 2017



Embrace Technology to Drive Change

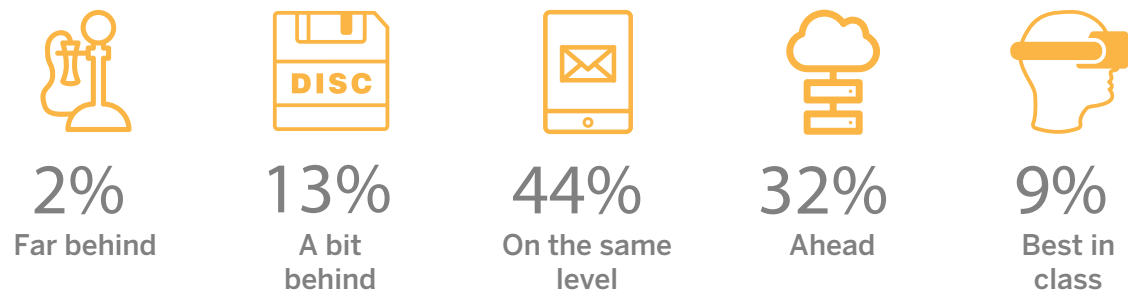
The tools to automate and free up time are readily available, yet many small business owners are yet to adopt them. Fewer still are fully committed to using them on a regular basis.

Of the 1,000+ small businesses interviewed by IDC, only half agreed that the technology they used for their business was flexible enough to adapt to changing business requirements. The other half admitted that their current technology solutions were not suitable for today's market. In other words, half of small businesses interviewed admitted that their technology was not fit for purpose. This means they are not keeping pace with customer demand and supplier requirements, or readying themselves for future opportunities.

Software and applications specifically designed for small businesses provide owners with all the information they need to make the best decisions and react quickly to market and customer change. This enables smaller businesses to rid themselves of manual admin and get on top of business management. From generating invoices quickly and knowing when payments are outstanding, to managing inventory levels that are connected to accounts and their tax returns, automation results in more time, as well as better business practices.

In addition, getting a more complete view of the customer and the business enables in-depth understanding of what works well and what doesn't. This includes what types of products and services could generate additional opportunities for them in the future.

Q20. How do you think your business compares to similar businesses in its use of technology?



Source: IDC, Sage, Technology in Small Business Survey; n=1,053, Feb 2017

Unsurprisingly, small businesses using online software and apps report higher growth rates than businesses uninterested in such tools. Conversely, the clear majority of companies that state they are falling behind similar businesses, attribute their disadvantage to the fact that they are still using traditional technology. Overall, 30% of the small businesses interviewed did not feel that their IT skills enabled them to make full use of the IT tools that they already had access to within their organization. This percentage was slightly higher in France (38%) and in the US (36%), but much lower in Spain (19%).

Technology helps you to keep sight of your passion, stay committed to your business vision, and find time to break the pattern of mundane tasks and routine. It opens new avenues to grow the business, helping you to satisfy customer demand and connect with a growing community of partners.

For small businesses with access to mobile devices, apps, and internet-based software, the challenge is not just adopting technology, but also bringing its use into everyday processes and habits. Just like when you launched your own business, new technology requires commitment to make it work for you.

Today, built-for-business apps are highly intuitive, making them easy and logical to use. They are geared towards simple inputs and quick wins, using the familiar gestures and methods you expect from the apps you may already use on your smartphone or tablet. They also offer the ability to “talk to each other” so that information can be shared across apps and tools, rather than forcing you to re-enter data multiple times. This easy to use mentality is designed to ensure these tools become habit, are part of your everyday life, and make doing business more engaging and successful.

22%

of small business owners felt that they were **behind their peers** in terms of their use of technology and consequently unable to provide the digital services customers require.

Partner Communities Exceed the Sum of Their Parts

Traditionally small businesses have relied on local partners to support their business. Today, online portals and digital platforms introduce businesses to a whole world of partnerships, including suppliers (locally or overseas), global customers looking for niche products, web-forums discussing all manner of topics over the internet, and review sites recommending tools and technologies that have proven success.

The use of pictures, video, comments and customer review sites, has changed the way communities are created and the way people interact.

Access to networks enables your business to become more connected, more powerful, and more relevant; harnessing collective power, whether it's marketing, buying, selling or influence.

In fact, 77% of tech-savvy businesses have access to local communities and opportunities, enabling them to grow up to twice as fast as those using little or no digital technology. In comparison, just 35% of small businesses that are yet to adopt digital technologies have access to the same communities. In fact, many of these same businesses show flat or low growth rates compared to last year.

Digital technologies enable you to widen your network outside geographical boundaries. These communities have become key places to find and exchange ideas on tools and technologies, and how these can help your business. IDC research shows that 40% of companies making full use of third-party applications to provide online and mobile services grew more than 10% over the past year.

Small business networks enable stronger partnerships, delivering more complete solutions for differentiation as well as increasing reach.

40% of small businesses that grew more than 10% last year are making full use of third-party apps.





What Next?

With many business owners saying that they are on a par with or behind their competitors when it comes to the use of technology, the requirement to get ahead of the curve has never been more critical. Innovation is not only a matter of preparing for the future; more importantly, it is a question of keeping the business relevant and successful today.

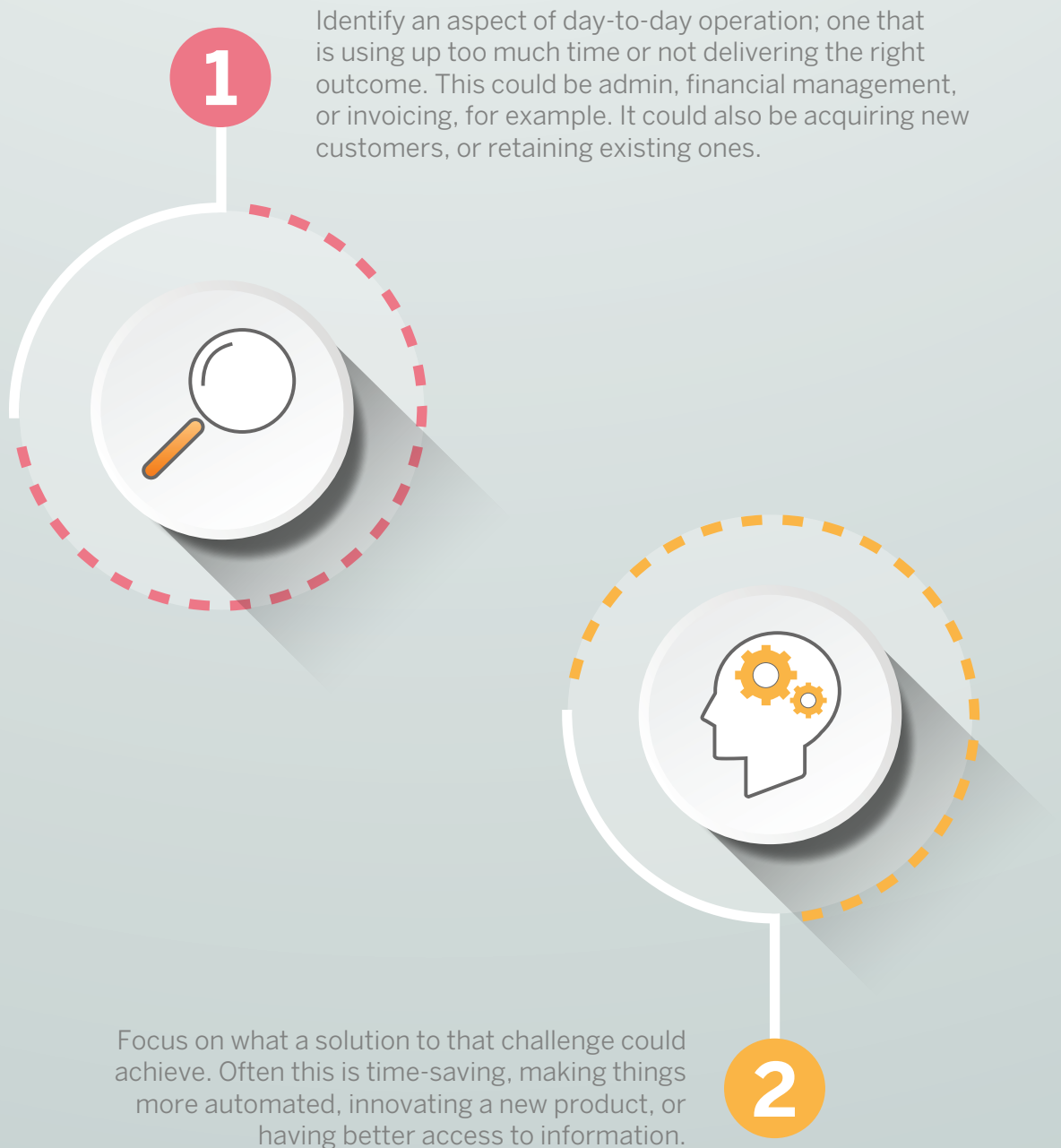
As outlined in this guide, technology does not have to be adopted in one go. Focusing on alleviating some of the routine and time-consuming tasks is a great starting place. Adopting simple but powerful apps on your mobile is a great starting place. IDC has provided a guide to addressing this below.

By doing so you can bring new ways of working to your everyday environment, while keeping pace with changing customer demands. This could be new ways of paying, responding to enquiries via digital channels, or sourcing and supplying new products and services from further afield.

Equally, there are a growing number of communities where businesses can form stronger partnerships, deliver more complete solutions, and increase their reach and influence. This includes the opportunity for businesses to cooperate and join forces when marketing and delivering to customers.

Digital Transformation: One Step at a Time

Ready to accelerate your business by upgrading the way you work and manage your business? Use the following guide to help you identify what you can do to prepare your business for the digital age:



Start small and build from there. Look to widen-out your approach and start to think of all the other areas within the business where you could make small changes that build into large savings in time, as well as create business impact. Look at the way you interact with customers, suppliers, staff and partners. Broaden the use of technology beyond your own business.

5



Do you have the right device, or the right apps in place to do this now? Could you give your employees or indeed your customers the same capability and what would they need? Think about a portfolio of different devices, if the requirements are varied.

4



3

What technology solution would allow you to do this? How would you want to interact with this technology? Make sure this is a sustainable and achievable change and can become a habit.

Even if you have access to technologies and solutions, are you making best use of these, or are they either decorative, or worse have they become a burden?

Have you adopted financial tools, but are simply doubling up on traditional procedures? If this is the case, you either need to commit to technology as an approach, or look at changing and refining how you use it.



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International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives.

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